NASAA STATEMENT OF POLICY REGARDING
ELECTRONIC DELIVERY OF FRANCHISE DISCLOSURE DOCUMENTS
Approved September 14, 2003

I. TEXT OF PROPOSED REGULATION REGARDING ELECTRONIC DELIVERY OF FRANCHISE DISCLOSURE DOCUMENT.

(A) A franchisor may deliver a franchise disclosure document over the Internet or by other electronic means, or in machine-readable media, provided:

(1) the disclosure document
   (i) is delivered as a single, integrated, document or file;
   (ii) has no extraneous content beyond what is required or permitted by law and by the UFOC Guidelines, but which may include customary devices for manipulating electronic documents in machine readable form and tools or access to tools that may be necessary or convenient to enable the recipient to receive and view the disclosure document;
   (iii) has no links to or from external documents or content;
   (iv) is delivered in a form that intrinsically enables the recipient to store, retrieve, and print the disclosure document; and
   (v) conforms as to its content and format to the requirements of law;

AND

(2) the franchisor
   (i) can prove that it delivered the disclosure document electronically in compliance with this section, and that it did so at or before the time required by law; and
   (ii) keeps records of its electronic delivery of disclosure documents and makes those records available on demand by the Administrator.

(B) "Delivery" requires that the disclosure document be conveyed to and received by the prospective franchisee, or that the storage media in which the disclosure document is stored be physically delivered to the prospective franchisee in accordance with subsection (a)(1).

(C) This section does not change or waive any other requirement of law concerning registration or presale disclosure of franchise offerings.
II. TEXT OF PROPOSED ORDER REGARDING ELECTRONIC DELIVERY OF FRANCHISE DISCLOSURE DOCUMENTS.

WHEREAS, the [Administrator] (the “Administrator”) is charged with the administration of the [Jurisdiction’s Franchise Registration and Disclosure Law] (the “[Jurisdiction] Franchise Law”); and

WHEREAS, Section [8] of the [Jurisdiction] Franchise Law provides that it is unlawful to sell any franchise in this state without first providing a copy of a disclosure document reflecting all material changes together with a copy of all proposed agreements relating to the sale of the franchise; and

WHEREAS, Section [27] of the [Jurisdiction] Franchise Law allows the [Administrator] to promulgate rules, forms, and orders necessary or appropriate to administer this Act and may define terms, whether or not used in this Act; and

WHEREAS, the [Administrator] recognizes that electronic disclosure of franchise disclosure documents under certain circumstances benefits prospective franchisees by making franchise disclosure documents more readily available and more readable through the use of navigational tools including internal links, scroll bars, and search functions; and

WHEREAS, the [Administrator] recognizes that electronic disclosure of franchise disclosure documents under certain circumstances benefits franchisors by greatly reducing costs associated with reproduction and delivery; and

WHEREAS, the [Administrator] finds that it is appropriate in the public interest and for the protection of [Jurisdiction] franchisees and consistent with the purposes fairly intended by the policies and provisions of the Act to allow electronic delivery of franchise disclosure documents under certain conditions;
NOW THEREFORE, [THE ADMINISTRATOR] ORDERS THAT:

1. A franchisor may deliver a franchise disclosure document over the Internet or by other electronic means, or in machine-readable media, provided:

   (A) the disclosure document

      (1) is delivered as a single, integrated, document or file;
      (2) has no extraneous content beyond what is required or permitted by law and by the UFOC Guidelines, but which may include customary devices for manipulating electronic documents in machine readable form and tools or access to tools that may be necessary or convenient to enable the recipient to receive and view the disclosure document;
      (3) has no links to or from external documents or content;
      (4) is delivered in a form that intrinsically enables the recipient to store, retrieve, and print the disclosure document; and
      (5) conforms as to its content and format to the requirements of law;

   AND

   (B) the franchisor

      (1) can prove that it delivered the disclosure document electronically in compliance with this section, and that it did so at or before the time required by law; and
      (2) keeps records of its electronic delivery of disclosure documents and makes those records available on demand by the Administrator.

2. "Delivery" requires that the disclosure document be conveyed to and received by the prospective franchisee, or that the storage media in which the disclosure document is stored be physically delivered to the prospective franchisee in accordance with subsection (a)(1).

3. This section does not change or waive any other requirement of law concerning registration or presale disclosure of franchise offerings,

4. This Order shall remain in effect until modified or rescinded by the [Administrator].

   SO ORDERED at [City, State], this ___ day of __________, 20—

   [Name of Administrator]
   [Title of Administrator]